

**S.E.C. RULE 15c2-12
ANNUAL REPORT
FISCAL YEAR ENDED JUNE 30, 2005**

The State of California (the "State") hereby provides its annual report for the fiscal year ended June 30, 2005 in connection with the following:

Bond Issue

Name of Issue	Dated Date	Date of Continuing Disclosure Agreement
State of California Economic Recovery Bonds, Series 2004A and 2004B	5/11/04	5/11/04
State of California Economic Recovery Bonds, Series 2004C	6/16/04	6/16/04

The base CUSIP number for the bond listed above is 13067J - _ _ _.

Note: The base CUSIP number provided is for the convenience of Bondholders. The State Treasurer's Office is not responsible for the accuracy or completeness of such numbers.

Annual Report

The State's "annual report" (as defined in the Continuing Disclosure Certificates for the Bonds) for the fiscal year ended June 30, 2005 consists of:

1. Unaudited Basic Financial Statements of the State http://www.treasurer.ca.gov/financial/2005_unaudited_basic.pdf. The financial statements conform to the Governmental Accounting Standards Board ("GASB") accounting principles generally accepted in the United States of America. The components of the Unaudited Basic Financial Statements are Government-Wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements. The Audited Basic Financial Statements for the State are expected to be available prior to May 1, 2006 and when available will be promptly filed with each of the Nationally Recognized Municipal Securities Information Repositories.
2. Financial information contained in Appendix A of the Official Statement, dated March 1, 2006, with respect to State of California Various Purpose General Obligation Bonds (the "OS"), which information is incorporated herein by reference. A copy of the OS has previously been filed with each of the Nationally Recognized Municipal Securities Information Repositories and is available from any of them.

3. Receipt of Special Sales Tax Revenues commenced on August 18, 2004. \$1,163,024,892.54 in Special Sales Tax Revenues was collected from August 18, 2004 through June 30, 2005. Actual Debt Service Coverage for the period ending June 30, 2005 was 1.89. As of June 30, 2005, none of the Economic Recovery Bonds were retired from excess Special Sales Tax Revenues or from amounts in the Proposition 58 Bond Retirement Account.

Other Matters

This annual report is provided solely for purposes of the Disclosure Certificates. The filing of this report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the State or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as referred to in this report), or that no other information exists, which may have a bearing on the State's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the State.

Dated: March 30, 2006

State of California

Original signed by Katie Carroll
Deputy State Treasurer
For State Treasurer, Philip Angelides

Exhibit 2

**Population Growth in California
1990-2005**

<u>July 1</u>	<u>Population</u>	<u>Change From Previous Year</u>	<u>Annual Growth</u>
1990	29,828,000	686,000	2.35%
1991	30,459,000	631,000	2.12%
1992	30,987,000	528,000	1.73%
1993	31,314,000	327,000	1.06%
1994	31,524,000	210,000	0.67%
1995	31,712,000	188,000	0.60%
1996	31,963,000	251,000	0.79%
1997	32,453,000	490,000	1.53%
1998	32,863,000	410,000	1.26%
1999	33,419,000	556,000	1.69%
2000	34,099,000	680,000	2.03%
2001	34,784,000	685,000	2.01%
2002	35,393,000	609,000	1.75%
2003	35,990,000	597,000	1.69%
2004	36,506,000	516,000	1.43%
2005	37,005,000	499,000	1.37%

Source: U.S. Department of Commerce, Bureau of the Census, Population Estimates Program, and the California Department of Finance estimates.

Taxable Sales by Major Sector
(2001 through first two quarters of calendar year ending December 31, 2005)

Calendar Year Ending December 31	Apparel	General Merch.	Specialty Merch.	Drinking & Eating	Trans- portation	Building	Services	Manu- facturing	Agri-culture	Fuel
2001	3.0%	15.9%	13.0%	10.0%	20.5%	12.7%	5.4%	12.0%	1.0%	6.6%
2002	3.2%	16.2%	12.7%	10.3%	21.3%	12.9%	5.0%	11.1%	1.0%	6.3%
2003	3.3%	16.1%	12.5%	10.3%	21.0%	13.2%	4.7%	10.6%	1.0%	7.2%
2004	3.4%	15.6%	12.4%	10.2%	20.4%	14.2%	4.3%	10.7%	1.1%	7.8%
2005*	3.3%	14.9%	12.0%	10.5%	20.7%	14.0%	4.2%	11.1%	1.1%	8.3%

*Data through first 2 quarters of 2005, ending June 30.

Taxable Sales and Pro Forma Special Sales Tax Revenues
(fiscal years 2000-01 through 2004-05)

Fiscal Year Ended June 30	Taxable Sales (in thousands)	Pro Forma and Projected Special Sales Tax Revenues (in thousands)⁽¹⁾
2001	447,476,763	1,118,692
2002	436,998,016	1,092,495
2003	447,906,207	1,119,766
2004	480,065,020	1,200,163
2005	510,219,536 ⁽²⁾	1,163,025

(1) Pro Forma Special Sales Tax Revenues are calculated as 1/4 of 1 percent of taxable sales from 2001 through 2004. For 2005, revenues reflect transfers to the Fiscal Recovery Fund for Economic Recovery Bonds. The amount for 2005 represents a partial year, as deposits of Special Sales Tax revenues into the Fiscal Recovery Fund began on August 18, 2004.

(2) Preliminary.

Taxable Sales in the Top Ten Counties
(fiscal years ending June 30, 2001 through June 30, 2005)
(\$ in thousands)

Rank	County	2001	2002	2003	2004	2005
1	Los Angeles	\$107,426,692	\$107,238,290	\$110,992,734	\$118,041,687	\$126,061,356
2	Orange	44,595,314	44,207,950	45,908,071	49,756,671	53,100,976
3	San Diego	37,699,333	37,981,561	39,523,203	42,881,287	45,485,177
4	Santa Clara	36,597,963	28,974,350	26,654,555	27,906,947	28,878,335
5	Alameda	23,817,120	21,696,871	21,112,271	22,255,564	23,394,276
6	San Bernardino	19,376,056	20,050,622	21,753,274	24,120,368	27,890,904
7	Riverside	17,585,745	18,774,610	20,434,075	23,424,811	26,646,380
8	Sacramento	16,994,534	17,377,311	17,902,503	19,352,477	20,662,020
9	San Mateo	13,961,577	11,967,932	11,352,696	11,560,519	12,055,706
10	San Francisco	13,721,570	11,684,354	11,428,531	11,901,677	12,477,513
	Top 10 County Total	\$331,775,904	\$319,953,851	\$327,061,913	\$351,202,008	\$376,652,643
	Total Taxable Sales	\$447,476,763	\$436,998,016	\$447,906,207	\$480,065,020	\$515,298,184
	Top 10 as a % of Total Taxable Sales	74.1%	73.2%	73.0%	73.2%	73.1%